

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 NIC-01 ACDA-19 SAJ-01 EB-11 COME-00 OMB-01

TRSE-00 DRC-01 /134 W

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R 311516Z MAY 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 9320

INFO AMEMBASSY BELGRADE

USMISSION BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

USEC BRUSSELS 565

USMISSION NATO

AMEMBASSY WARSAW

C O N F I D E N T I A L MOSCOW 8232

E.O. 11652: N/A

TAGS: EFIN EGEN UR COMECON

SUBJECT: MEETING OF CEMA PERMANENT COMMISSION FOR FINANCE:
DISAGREEMENT OVER SOVIET PROPOSALS

1. SUMMARY. WORDING IN SOVIET PRESS REPORTS ON RECENT MEETING OF CEMA FINANCE COMMISSION INDICATES POSSIBLE DISAGREEMENT ON NEW PROPOSALS FOR TIGHTER INTRA-CEMA FINANCIAL TIES, WHICH SOVIETS MAY HAVE PLANNED TO ANNOUNCE AT CEMA TWENTY-FIFTH ANNIVERSARY COUNCIL MEETING IN JUNE. END SUMMARY.

2. MAY 28 IZVESTIYA CARRIED RATHER UNUSUAL REPORT ON 26TH SESSION OF THE CEMA PERMANENT COMMISSION ON CURRENCY-FINANCIAL AFFAIRS WHICH TOOK PLACE IN POZNAN FROM MAY 21 THROUGH 24. ENTITLED "COOPERATION IS EXPANDING," RELATIVELY SHORT ARTICLE
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GIVES NO DETAILS ON HOW EXPANSION IS BEING ACCOMPLISHED AND CONSISTS MAINLY OF LIST OF PARTICIPANTS -- ALL NINE CEMA MEMBER

COUNTRIES PLUS YUGOSLAVIA AND REPRESENTATIVES OF TWO CEMA BANKS.

3. AFTER ROUTINE WORDS ABOUT FURTHER ECONOMIC INTEGRATION AND CEMA COMPLEX PROGRAM, ARTICLE CONCLUDES WITH PHRASE THAT MEETING TOOK PLACE IN "BUSINESSLIKE, COMRADELY ATMOSPHERE AND IN SPIRIT OF FULL MUTUAL UNDERSTANDING AND FRATERNAL FRIENDSHIP," A STANDARD SOVIET EUPHEMISM FOR SHARP ARGUMENTS AND MUCH DISAGREEMENT.

4. ALTHOUGH SOURCES HERE HAVE REFUSED COMMENT, WE SUSPECT THAT SOVIETS LAUNCHED SOME NEW PROPOSALS FOR TIGHTER INTRA-CEMA FINANCIAL COOPERATION AND MET CONSIDERABLE RESISTANCE FROM SEVERAL EE COUNTRIES -- TO THE EXTENT THAT NO OVERALL AGREEMENT WAS REACHED. IDEALLY, SOVIETS WOULD PROBABLY LIKE TO OBTAIN AGREEMENT IN TIME FOR ANNOUNCEMENT AT UPCOMING CEMA SUMMIT MEETING AT SOFIA NEXT MONTH (JUNE 18-20). FACT THAT JUNE CEMA COUNCIL MEETING WILL BE JUBILEE SESSION, MARKING TWENTY-FIFTH CEMA ANNIVERSARY, WOULD MAKE SUCH ACCOMPLISHMENT ESPECIALLY DESIRABLE FROM VIEWPOINT OF SOVIET AND CEMA LEADERSHIP.

5. ONE LIKELY AREA FOR NEW FINANCIAL MOVE WOULD BE BROADER, MORE EFFECTIVE ROLE FOR TRANSFERABLE RUBLE, A CEMA FINANCIAL DEVICE WHICH HAS RECEIVED INCREASING PLAY IN SOVIET ECONOMIC PRESS OVER PAST SEVERAL MONTHS. JUST WHAT NEW ROLE FOR TRANSFERABLE RUBLE WOULD BE IS NOT CLEAR. AT PRESENT IT IS USED MAINLY IN SOME INTRA-CEMA FOREIGN TRADE TRANSACTIONS CLEARED THROUGH CEMA BANK FOR INTERNATIONAL ECONOMIC COOPERATION (IBEC) AND ALSO FOR PORTIONS OF DEVELOPMENT CREDITS EXTENDED BY CEMA INTERNATIONAL INVESTMENT BANK (IIB). WE SPECULATE THAT NEW PROPOSALS MAY INCLUDE USE FOR TOURISM AND BUSINESS TRAVEL WITHIN CEMA AREA, AND THE ESTABLISHMENT OF MANDATORY REQUIREMENT FOR GREATER USE IN INTRA-CEMA TRADE-- ESPECIALLY IN AREA OF BILATERAL CLEARING. LATTER PROPOSAL MIGHT INVOLVE INCREASED PAYMENTS OF HARD CURRENCY BY CEMA COUNTRIES INTO IBEC CAPITALIZATION FUND, SOMETHING WHICH SOME MEMBER COUNTRIES MIGHT FIND INCONVENIENT.

6. WE HOPE TO OBTAIN MORE INFORMATION ON THIS SUBJECT WITHIN
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NEXT FEW WEEKS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, RELATIONS WITH INTERNATIONAL ORGS, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MOSCOW08232
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740138-0696
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974053/aaaaacja.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2002 by cunninfx>; APPROVED <13 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING OF CEMA PERMANENT COMMISSION FOR FINANCE: DISAGREEMENT OVER SOVIET PROPOSALS
TAGS: EFIN, EGEN, UR, COMECON
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005